

Data Sheet

USAID Mission:	Egypt
Program Title:	Creating Jobs through Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-016
Proposed FY 2004 Obligation:	\$483,708,000 ESF
Prior Year Unobligated:	\$578,489,000 ESF
Proposed FY 2005 Obligation:	\$446,800,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: Strengthening the environment for trade and investment includes the following components: trade and investment financing; budget support and related technical assistance (TA); trade, business support and agribusiness development; financial sector reform and privatization; science and technology evaluation and training. In support of Middle East Partnership Initiative (MEPI) objective, USAID will expand the small and medium enterprise program and may create an enterprise fund; focus Development Support Program (DSP) II (cash transfer) funds on financial sector reform; and provide funding for trade and customs reform TA programs only after committing to achieving specific outcomes within agreed timeframes with the Government of Egypt (GOE). USAID has restructured the Information and Communications Technology program in light of the State-AID program review conducted in 2002-2003.

Inputs, Outputs, Activities:

FY 2004 Program:

Improve Economic Policies (\$2,000,000 ESF, \$197,788,000 ESF Cash Transfer, \$200,000,000 ESF Prior Year Unobligated Cash Transfer). USAID will continue to support the GOE policy reform program through the DSP II and with related technical assistance. DSP II will focus on financial sector reform, while TA will cover several economic reform areas. Specific reforms include: privatization of public banks; continued implementation of trade policy reforms; customs reform and trade facilitation (The latter programs will receive funding only after the GOE has committed to achieving specific outcomes within agreed timeframes. If reforms are not met in a timely manner, USAID will look into other programming options for the funds.); commercial law reform to stimulate investment and business creation; implementation of trade-related intellectual property rights; and the satisfaction of additional World Trade Organization (WTO) measures. Contractors and grantees: Chemonics, Barents, Nathan Associates, IBM, and Booz Allen Hamilton.

Expand Competitiveness and Agricultural Trade (\$10,000,000 ESF). USAID will provide TA, training, and other support to Egyptian businesses and business associations to increase exports in high-potential sectors such as fresh produce, processed foods, livestock, furniture, textiles, leather, and software. TA and training will promote increased competitiveness in agriculture and identify strategic investments in agricultural trade to increase income and jobs in rural areas. USAID will design and fund a small business set aside program to build the capacity of forward and backward linkage firms in Upper Egypt to improve services to horticulture and livestock producers. This program was recently modified to place more emphasis on assistance to small farmers and raisers of livestock (mostly women). Contractors and grantees: Midwest University Consortium for International Activities, CARE, ACDI-VOCA and Abt Associates.

Support to the Financial Sector (\$22,000,000 ESF, \$30,000,000 ESF Enterprise Fund, \$46,750,000 ESF Prior Year Unobligated). USAID will continue TA and training to support the GOE financial sector reform program. This activity will provide assistance in planning and implementation to state-owned banks and insurance companies. USAID funds will help develop new financial instruments such as securitized mortgages, and strengthen human resource and organizational capabilities of partner institutions to issue,

trade, and regulate these instruments in both debt and equity markets. Funds will also be used to assist the Central Bank of Egypt in its transition to an inflation targeting policy and to strengthen its regulatory responsibilities. Support for small and micro enterprise development will continue. Contractors include Chemonics, and the National Cooperative Business Association.

Science and Technology (\$1,500,000 ESF, \$1,500,000 ESF Prior Year Unobligated). USAID will continue to fund the U.S.-Egypt Science and Technology Agreement which seeks to promote cooperative scientific research, with private sector applications, in mutually agreed upon priority areas of research, such as biotechnology, energy, environment, information, manufacturing technologies, standards and metrology and other fields.

Commodity Import Program (\$198,820,000 ESF). USAID will continue financing trade and investment transactions through this program with no substantive program changes.

Wartime Supplemental (\$300,000,000 ESF Prior Year Cash Transfer). New grant funds will be released to the GOE upon completion of benchmarks related to banking, foreign exchange, custom tariffs and public release of macroeconomic data.

Development of Information Technology (\$11,600,000 ESF). USAID's activities will facilitate changes in the legal and regulatory framework, human capacity development, and technology transfer. Contractor: General Dynamics.

FY 2005 Program:

Improve Economic Policies (\$200,000,000 ESF). The policy reform/cash transfer program will continue with a focus on continuing financial sector reform.

Expand Competitiveness and Agricultural Trade (\$5,000,000 ESF). USAID will continue to support the adoption of better technology for agricultural production and trade and better market information and will strengthen Egyptian firms' capacity to market high value goods abroad.

Support to the Financial Sector (\$16,300,000 ESF; \$20,000,000 ESF Enterprise Fund). These funds will be used to continue financial regulatory reform and capacity building in banking, insurance and non-banking financial institutions. The small and micro enterprise development program will continue expanding services through increased use of banks as intermediaries.

Commodity Import Program (\$200,000,000 ESF). This program will continue to support U.S. exports, Egyptian investment, greater productivity for Egyptian firms, and more jobs in the economy.

Science and Technology (\$5,500,000 ESF). Finally, USAID will continue to support the U.S.-Egypt Science and Technology Agreement and other activities supporting broader USAID objectives.

Performance and Results: Over the past three years, Egypt's economy, while not vibrant, has withstood the full brunt of the decline in economic growth. One of the key GOE defenses against this downturn is its agenda to further open trade and investment opportunities. USAID's Economic Growth strategy strongly supports that agenda. Although the government's revenue position and balance of payments are under considerable pressure, USAID programs, such as the Commodity Import Program and the cash transfer program, provide invaluable support, helping both the GOE and the private sector cope with difficult economic conditions. USAID provided the expertise and tools needed to continue economic reforms and to compete in the global economy. For example, in helping to build private sector competitiveness, USAID-assisted producers and exporters were better able to compete in world markets, helping Egypt to achieve a 25% increase in the value of processed agricultural exports over last year. USAID support and leverage of WTO compliant laws and regulations on intellectual property, telecommunications, and information technology not only create a level playing field for international businesses, but also provide Egypt new opportunities for increased investment. The USAID economic growth program is consistent with MEPI goals, including credible conditionality for cash transfer funding, financial sector reform, WTO compliance and an improved climate for trade and investment.

US Financing in Thousands of Dollars

Egypt

263-016 Creating Jobs through Trade and Investment	ESF
Through September 30, 2002	
Obligations	3,816,277
Expenditures	3,030,355
Unliquidated	785,922
Fiscal Year 2003	
Obligations	259,069
Expenditures	405,703
Through September 30, 2003	
Obligations	4,075,346
Expenditures	3,436,058
Unliquidated	639,288
Prior Year Unobligated Funds	
Obligations	578,489
Planned Fiscal Year 2004 NOA	
Obligations	483,708
Total Planned Fiscal Year 2004	
Obligations	1,062,197
Proposed Fiscal Year 2005 NOA	
Obligations	446,800
Future Obligations	1,465,650
Est. Total Cost	7,049,993